

Message Text

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13

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 TRSE-00 SAM-01 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-02 SS-20 STR-08 TAR-02 USIA-15 PRS-01 SP-03

FEA-02 OMB-01 SWF-02 DRC-01 /181 W

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P 230707Z MAY 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 8968

INFO US MISSION GEVEVA 570

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DEPT PASS TREASURY

FOR SECRETARY SIMON AND DEPUTY SECRETARY RUSH FROM
AMBASSADOR RIVERO

E.O. 11652: N/A

TAGS: ETRD, SP

SUBJ: COUNTERVAILING DUTY

REF: A) MADRID 2871; B) STATE 94032; C) MADRID 2160;

D) STATE 67801; E) MADRID 3195

1. WHILE I APPRECIATE THE FACT THAT THE COUNTERVAILING
DUTY PROCEEDING ANNOUNCEMENT RELATIVE TO IMPORTS OF FOOT-
WEAR AND BOTTLED OLIVES FROM SPAIN HAS BEEN WITHHELD, I AM
NONETHELESS CONCERNED THAT IT MIGHT BE PUBLISHED BEFORE
THE SPANISH HAVE AN OPPORTUNITY TO MAKE THEIR POLICY LEVEL
PRESENTATION ON THE SUBJECT BEFORE OR DURING FOREIGN
MINISTER CORTINA'S VISIT TO WASHINGTON ON JUNE 12. MY
CONCERN THAT THERE SHOULD BE ADEQUATE PRIOR CONSULTATION
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ON THIS ISSUE STEMS FROM A VARIETY OF COMMITMENTS ON OUR

PART-BOTH EXPLICIT AND IMPLICIT.

A. IN THE AGREEMENT OF FRIENDSHIP AND COOPERATION BETWEEN SPAIN AND THE UNITED STATES, ARTICLE XXI STATES THAT THE TWO GOVERNMENTS WILL SEEK TO AVOID MEASURES THAT EFFECT RESTRICTIONS ON THE FLOW OF THEIR RECIPROCAL TRADE. ARTICLE XXVI REFERS TO THE JOINT SPANISH-UNITED STATES ECONOMIC COMMITTEE WHICH THE SPANISH HAVE ALREADY INDICATED THEY WISHED TO CONVOKE IN REGARD TO THE PENDING COUNTERVAILING DUTY ANNOUNCEMENT. IT WAS ONLY AFTER THEY WERE ASSURED THEY WOULD BE ABLE TO HAVE A POLICY LEVEL MEETING THAT THEY AGREED TO WITHDRAW THEIR REQUEST FOR SUCH A MEETING.

B. ANOTHER ASSURANCE ON OUR PART IS FOUND IN RELATION TO THE SPANISH DECISION TO MAINTAIN PARITY WITH GOLD. IT WILL BE RECALLED THAT ON THAT OCCASION LAST YEAR I WAS INSTRUCTED BY WASHINGTON TO ASSURE THE GOS THAT FULL CONSULTATION WOULD TAKE PLACE IN THE EVENT ANY SPECIFIC TRADE MEASURE AFFECTING SPAIN MIGHT BE CONTEMPLATED (STATE 29568, FEB 16, 1973).

C. THE EMBASSY INFORMED THE SPANISH, IN RELATION TO THE COUNTERVAILING DUTY PROCEEDINGS AND PER REF B THAT WHILE NO OPENENDED COMMITMENT COULD BE GIVEN CONCERNING WITHHOLDING THE ISSUANCE OF A COUNTERVAILING DUTY PROCEEDING NOTICE, THE PRACTICAL CONSIDERATIONS MADE IT UNLIKELY THAT IT WOULD BE ISSUED BEFORE MAY 31. RIGHTLY OR WRONGLY, THE SPANISH HAVE INTERPRETED THIS MESSAGE, WHICH WAS TRANSMITTED IN BOTH ORAL AND WRITTEN FORM TO THEM, AS A TACIT AGREEMENT TO GIVE THEM THE OPPORTUNITY TO MAKE THEIR POLICY LEVEL PRESENTATION IN THE EVENT OF A NEGATIVE FINDING ON THE PART OF TREASURY FOLLOWING THE TECHNICAL LEVEL TALKS.

2. I UNDERSTAND THAT IT NOW APPEARS POSSIBLE THAT THERE COULD BE A NEGATIVE TREASURY DEPARTMENT FINDING AS A RESULT OF THE TECHNICAL LEVEL TALKS THAT WOULD BE MADE KNOWN LATER THAN THE MAY 28 DATE INDICATED FOR THE SPANISH TO COME TO WASHINGTON FOR A POLICY LEVEL DISCUSSION. IT SEEMS SENSIBLE FOR THE SPANISH TO INSIST, AS THEY ARE DOING, THAT THERE IS NO NEED FOR THEM TO GO TO WASHINGTON TO TAKE UP EVERYBODY'S TIME UNLESS THERE IS A LIMITED OFFICIAL USE

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NEGATIVE FINDING AS A RESULT OF THE MAY 13-14 TECHNICAL LEVEL TALKS. THEY ARE THEREFORE HOLDING OFF ON ACCEPTING THE INVITATION TO GO TO WASHINGTON ON THE 28TH PENDING WORD FROM WASHINGTON. IN THE MEANTIME, THE SPANISH FOREIGN MINISTER IS SCHEDULED TO GO TO WASHINGTON FOR A MEETING WITH SECRETARY KISSINGER ON JUNE 12.

3. FOR ALL OF THESE REASONS I STRONGLY URGE THAT A

HIGH POLICY LEVEL DECISION BE MADE THAT NO PUBLICATION OF THE COUNTERVAILING DUTY HEARING NOTICE SHALL BE MADE, IF SUCH IS REQUIRED, UNTIL AFTER THE FOREIGN MINISTER'S VISIT AND UNTIL THE SPANISH HAVE HAD THEIR OPPORTUNITY FOR A POLICY LEVEL PRESENTATION ON THE SUBJECT. I ALSO REQUEST THAT THE SPANISH BE INFORMED AT LEAST TEN DAYS IN ADVANCE OF THE PUBLICATION OF A COUNTERVAILING DUTY HEARING NOTICE, IF SUCH IS FOUND TO BE NECESSARY. THE PURPOSE OF THIS WOULD BE TO ENABLE THEM TO MAKE THEIR POLICY LEVEL PRESENTATION. IN THIS WAY WE WILL HAVE BEEN ABLE TO SATISFY THE REQUIREMENTS OF OUR IMPLIED AND/OR EXPLICIT COMMITMENTS TO DEAL WITH THE SPANISH ON TRADE ISSUES IN THIS MANNER. TO DO OTHERWISE WOULD MEAN RUNNING THE RISK OF POISONING THE ATMOSPHERE FOR THE FOREIGN MINISTER'S VISIT AS WELL AS EMBROILING US IN A MOST UNSEEMLY TRADE FEUD WITH A NATION THAT BUYS TWICE AS MUCH AND MORE FROM US THAN WE BUY FROM THEM. THE POINT I WOULD LIKE TO EMPHASIZE IS THAT THERE ARE POLITICAL IMPLICATIONS OF THIS MATTER WHICH IN MY MIND TRANSCENDS THE TECHNICAL AND INTERNAL POLITICAL ASPECTS AND SHOULD BE THOROUGHLY EVALUATED IN THE FRAMEWORK OF OUR OVERALL INTEREST IN SPAIN.

4. TRANSMITTED BY SEPTTEL (REF E) IS THE SUMMARY OF A NOTE RECEIVED FROM THE GOS TODAY ON THE ABOVE SUBJECT.
RIVERO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOTWEAR, EXPORTS, COUNTERVAILING DUTIES, OLIVES, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MADRID03196
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740129-0095
From: MADRID
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740524/aaaaaunm.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) MADRID 2871; B) STATE 94032; C) M, ADRID 2160;
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUN 2002 by kelleyw0>; APPROVED <04 MAR 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTERVAILING DUTY
TAGS: ETRD, SP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005